REPORT OF THE DIRECTOR-GENERAL

APPENDIX

International Labour Conference
85th Session 1997

INTERNATIONAL LABOUR OFFICE GENEVA

International Labour Conference
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Appendix

International Labour Office Geneva

ISBN 92-2-109883-4
ISSN 0074-6681

First published 1997

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Printed by the International Labour Office, Geneva, Switzerland

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APPENDIX

Report on the situation of workers of the occupied Arab territories

INTRODUCTION

1. This report documents the 20th mission sent by the Director-General to the occupied Arab territories and to Israel. The aim of the mission was to undertake an analysis of the labour market situation and employment conditions of the workers of the territories, as well as of the ILO's role in promoting equal opportunities in access to vocational training, access to employment and occupations and in terms and conditions of work, with a view to advancing social and economic development in these territories. This anniversary, coming as it does in the wake of the successive peace talks and the signing of the various agreements aimed at moving these territories towards autonomy, thus provides a particularly appropriate occasion for a summing up of the working and living conditions of Palestinians in the territories.

2. The Director-General appointed Mr. André Zenger, Chief of the Application of Standards Branch, Ms. Jane Hodges of the Equality and Human Rights Coordination Branch and Mr. Fred Fluitman of the Training Policies and Systems Branch as his representatives to carry out the mission to Israel and the occupied Arab territories from 21 February to 5 March 1997. They were accorded every facility on the spot, for which they express their thanks to the various parties.

3. As in previous years, another mission was carried out by Mr. Shukri Dajani, Assistant Director-General responsible for ILO activities in the Arab region, and Mr. Lee Swepston, Chief of the Equality and Human Rights Coordination Branch, who visited the Syrian Arab Republic from 24 to 26 February 1997 in order to consult with government authorities and workers' and employers' organizations concerned by the situation. In particular, they held consultations in Damascus with the Minister of Labour and Social Affairs, Mr. Ali Khalil, the Minister of State for Foreign Affairs, the Governor of the Province of Quneitra, the General Federation of Syrian Trade Unions, the Damascus Chamber of Industry and the International Confederation of Arab Trade Unions (ICATU).

4. This report is based on the observations made on the spot by the representatives of the Director-General as well as on a thorough analysis of the large amount of documentation supplied by their interlocutors. It examines not

only the relevant legislative texts in the field of competence of the ILO,[1] but also information on the actual practice regarding equality of opportunity and treatment of the workers of the occupied Arab territories in respect of employment, access to the labour market, terms and conditions of work and social benefits and trade union activities. In examining all the issues involved, the mission bore in mind, as have all past missions, the relevant standards of international law, and more particularly The Hague Convention of 1907 and the Fourth Geneva Convention of 1949, both of which have been signed by Israel. In addition, as regards equality of opportunity and treatment of the workers of the occupied Arab territories and the issue of trade union rights both in the territories and in Israel, the representatives of the Director-General were once again guided by the principles and objectives laid down in the Preamble to the Constitution of the ILO and the 1944 Declaration of Philadelphia annexed to it, the standards and resolutions adopted by the International Labour Conference, including the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the principles enunciated by the supervisory bodies of the ILO.

5. During their mission the representatives of the Director-General held almost 40 separate meetings and discussions on both the Israeli and the Arab side. They travelled throughout the occupied Arab territories of the West Bank of the Jordan River (visiting Bethlehem, Hebron, Jericho, East Jerusalem, Nablus and Ramallah), the Gaza Strip and the Golan Heights to meet with their interlocutors.[2] In the territories they benefited from the efficient assistance of the United Nations Development Programme (UNDP) in East Jerusalem, where the ILO Coordinator for the West Bank and Gaza is located; they opened their visit with discussions with the Special Representative of the Administrator of the UNDP, who directs the Programme of Assistance to the Palestinian People. They were able to organize a full programme of meetings with numerous prominent Palestinians. In particular, they met representatives of the Palestinian Authority,

[1] For a description of the legislative situation, reference may be made to earlier reports of the Director-General, in particular those of 1992 and 1993. In brief, Palestinians living in Israeli-controlled portions of the territories continue to be covered by a body of law derived from Ottoman, British mandate, Jordanian and Egyptian sources as well as Israeli military orders, the legal framework in the Gaza Strip being Egyptian law and that in the West Bank being Jordanian law. For the Palestinian-controlled areas, certain laws and regulations have recently been adopted by the Palestinian Authority (for example, the taxation law has been well implemented, with taxes being collected regularly).

[2] As was pointed out in previous reports since 1986, the position of the Israeli Government regarding the Golan was stated in the following terms. "The ILO mission is meant to collect material for the Director-General's report on the occupied Arab territories. It is the position of the Government of Israel that the Golan, to which Israeli law, jurisdiction and administration have been applied, is not now such an area. In view of this consideration, approval for a visit of the ILO mission to the Golan was given as a gesture of goodwill and without prejudice. The decision to facilitate such an informal visit shall not serve as a precedent and does not contravene the Israeli Government's position".

including the Minister of Labour, Dr. Samir Ghosheh, his Deputy Minister and the Directors-General of Planning, of Vocational Training and of Public Relations and their senior staff; the Head of Orient House (responsible for Jerusalem affairs) and President of the Arab Studies Society, Mr. Faisal Husseini; and the Director-General of the Ministry of Planning and International Cooperation, the Governor of Gaza, the Governor elect, and the Mayor of Hebron, officials of the Palestine Central Bureau of Statistics (PCBS); and representatives of the Arab community of the Golan Heights in the town of Majdal Shams. On the workers' side, the representatives of the Director-General met the Secretary-General of the Palestine General Federation of Trade Unions (PGFTU), Mr. Shaher Sa'ad, the presidents of its regional affiliates and members of their executive committees at the Federation's Nablus headquarters; at the Federation's Gaza Office, in the absence of the PGFTU Deputy Secretary-General, Mr. Rasem Bayari, they met his deputies and a large number of local union representatives. On the employers' side, the mission met the Presidents of the Chambers of Commerce and Industry of Nablus and Gaza, together with their senior advisers. They also met the President of the Red Crescent Society in Gaza, representatives of academia, research centres, training centres and human rights non-governmental organizations (NGOs) — including the Palestinian Academic Society for the Study of International Affairs (PASSIA), the Al-Quds University, the Palestinian Centre for Studies of Civil and Social Rights, the Centre for Palestinian Research and Studies (PCRS), the Democracy and Workers' Rights Centre, Al-Haq and the Palestinian Human Rights Information Centre (PHRIC) — and other knowledgable Palestinian personalities including lawyers, economists and business people.

6. The representatives of the Director-General also visited Israel where, as in previous years, the programme organized by the Israeli authorities involved meetings in Jerusalem with representatives of the Ministries of Labour and Social Affairs, Foreign Affairs, Finance and Defence (Office of Coordination of Government Activities). On the side of the social partners, they met representatives of the principal employers' organization (the Israeli Manufacturers' Association) and the Israeli trade union federation (the Histadrut). They also met Kav La'Oved, a workers' rights NGO in Tel Aviv.

7. Meetings were also held with the United Nations Deputy Special Coordinator in the Occupied Territories (UNSCO) based in Gaza and staff of its Economic and Social Monitoring Unit, as well as a representative of the European Commission Technical Assistance Office of the European Union (EU).

THE TRANSITION SITUATION

8. Previous reports presented by the Director-General to the International Labour Conference[3] described the progress of the peace process aimed at

[3] See in particular, paras. 14-27 of the 1995 Report and paras. 14-26 of the 1996 Report.

resolving the Israeli-Palestinian conflict. This 20th report can only commence with an update reflecting the signing, on 15 January 1997, of the Protocol concerning the Redeployment in Hebron, which stipulates the further redeployment of Israeli forces from that city.

9. To sum up the current political situation following the various agreements, Israel continues to control some civil functions and is responsible for all security in portions of the occupied territories categorized in the 1995 Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip as Area C, as well as maintaining sovereignty over all the Israeli settlements no matter where situated (the issue of the settlements is to be discussed during the permanent status negotiations: Article XXXI of the Interim Agreement). The Palestinian Authority has jurisdiction over civil affairs and shares security responsibilities with Israel in areas categorized as Area B. Only in Area A does the Palestinian Authority have sole control over both civil matters and security. In territorial terms, this means that the Palestinian Authority governs 70 per cent of the Gaza Strip and a mere 4 per cent of the West Bank (excluding East Jerusalem).[4] In accordance with the Interim Agreement, the parties signed on 15 January 1997 the Protocol concerning Redeployment in Hebron, which accords responsibilities to the Palestinians in areas designated as H-1 similar to those already in place in other West Bank cities. Israel will retain all powers and responsibilities for internal security and public order in H-2 areas as well as overall security of Israeli settlers (paragraph 2(a) of the Protocol). Both sides state their commitment to maintain normal life throughout the city of Hebron and to prevent any provocation or friction that may affect normal life in the city, and agree to open the Hasbahe market. A Note for the Record, annexed to the Hebron Protocol, reaffirms the commitment of the two sides to implement the Interim Agreement. It lists the Palestinian responsibilities and the Israeli responsibilities, the latter including the first phase of further redeployments to be carried out during the first week of March, prisoner releases, immediate resumption of the issues outstanding from the Interim Agreement and the resumption of the permanent status talks within two months of the implementation of the Hebron Protocol. At the date of finalizing this report, the permanent status talks had not yet commenced.

10. The formation on 29 May 1996 of a new Government was followed by a Cabinet decision, on 2 August, to cancel restrictions on settlement development in the West Bank and Gaza Strip, lifting the previous Government's partial freeze of settlement expansion, and then by the unsealing, on 24 September, of the exit from the Western Wall Tunnel. In response to what the Palestinians perceived as a threat to the integrity of the Al-Aqsa mosque, violence erupted leading over the following days to the deaths of 74 persons — 58 Palestinians and 16 Israeli Defence Force (IDF) soldiers — and the injury of over 1,000.[5] The riposte was

[4] For copies of the Oslo II maps outlining Areas A, B and C, refer to the 1996 Report, pp. 11 and 12 of the English text.

[5] US Department of State report, 1996.

the cutting off of Palestinian Authority territory by both external and internal closures.

11. The Israeli side made it clear that, as long as the threat of terrorism remained, security options in relation to the territories would remain. Obviously, last year's tragic bomb attacks in the Gaza Strip and Israel, killing and wounding mainly Israeli Jews, have not helped change this approach. The further brutal killings of Israelis in Tel Aviv in late March 1997, perpetrated as this report was being finalized, feed this Israeli preoccupation with security.

12. While the general situation of occupation remained the same, in two domains 1996 saw a worsening: (1) the new style of complete cut-off through total or partial closure of the occupied territories; and (2) the rapid increase in the number of new settlements (regarding Jerusalem, see below) and the massive roadworks programme under way to interconnect them with Israel and Jerusalem through bypass roads.

13. The principle of total closure was first officially applied as of 31 March 1993 when the Israeli Government decreed for an indefinite period a separation between Israel itself (including annexed East Jerusalem) and the West Bank and the Gaza Strip, physically by permanent military roadblocks and administratively by the requirement that all Palestinians residing in these territories must hold a valid permit to enter East Jerusalem or Israel regardless of their reason for travelling.[6] Although the justification for these measures has always been to combat terrorism[7] following acts of violence committed by Palestinians, closure of this type has been enforced even as a preventive security measure, and there is no evidence of the effectiveness of such stringent measures against terrorism.

14. There is, on the other hand, ample evidence of the economic and social hardship it causes among the Palestinians. According to the Palestinian Ministry of Labour,[8] the total number of closure days throughout the territories in 1996 reached 99, of which 39 comprised a total siege of the cities of the West Bank. Partial closures, during which workers were permitted to travel to Israel, were effected for 28 days. This report's chapter on the economy will describe in more detail the economic effects of the closure, but it should be noted here that, as a consequence of the inability to go to their jobs, a fair number of Palestinian workers had corresponding portions of their wages withheld by Israeli employers.

[6] The Israeli authorities have, in addition to the closure measures, many ways of restricting freedom of movement particularly of Palestinian workers: since 1981 there are the "green cards" barring selected individuals from Israel and Jerusalem at the discretion of the security services; travel permits — in the form of computer-coded "magnetic cards" for Gaza Strip Palestinians — and vehicle permits, required even when transiting to East Jerusalem or between the north and the south; work permits, issued usually for four-month periods and valid for entry only to specific regions of Israel or East Jerusalem and for named employers; and "blue cards" for Palestinians working in Israeli settlements: PASSIA: *Directory 1997*, p. 211.

[7] See the Director-General's 1993 Report, para. 24.

[8] *Statistical report of the Israeli siege during 1996*, Palestinian Ministry of Labour, General Directorate of Planning and Information, Jan. 1997.

When they attempted to sue for payment of wages due, they encountered practical problems which are described in greater detail in the following chapter. This is linked to the deterioration of the situation of women in the occupied territories, which has been reported as one of the "hidden" effects of the closure,[9] for they often shoulder the daily psychological toll of managing the household in ignorance of whether the breadwinners would be working or, if working, bringing home full pay packets.

15. Closures also affected education and training. According to one source,[10] 1,200 Gazan students were still not able to attend classes at the educational institutions in the West Bank where they had enrolled. This was confirmed by the Director of the YMCA Training Centre and the Dean of the Hebron Polytechnic Institute, where enrolments before closure had included students from Gaza but were now exclusively from the West Bank.[11] Given that education and training will build Palestinian capacity for economic development, which in turn contributes to strengthening commitment to the peace process and to reducing the threat of violence and terrorism, such developments may be counter-productive.

16. As regards the increased implantation of settlements, many of which now encircle Jerusalem, the total is now 194 in the West Bank (including 28 in Jerusalem) and Gaza Strip.[12] Following its lifting of the freeze on settlement activity, the Israeli Government has indeed proceeded, in spite of criticism, to build new settlements, expand existing ones and construct bypass roads linking them all. The reach of the new policy was evidenced by the Knesset's passing in November 1996 of the first reading of the 1997 budget plan, appropriating US$300 million for settlement activity, as well as the Cabinet's decision of 13 December 1996 to provide additional subsidies to Jewish settlements in the occupied territories. Settlement expansion more often than not presupposes the confiscation of Arab-owned land, often comprising olive groves and pasture, thus having the added negative economic effect of weakening the means of livelihood available to Palestinians. Approximately 40,000 dunams (one dunam equals 1,000 square metres) of Palestinian land has been expropriated since the signing of the peace accords in September 1993.[13] Large tracts of land have been expropriated for the construction of the road networks, it being stated by some that much wider

[9] Most Palestinian women work in services, agriculture and home-based production (subcontracting sewing, food processing and embroidery); the rate of female participation in the labour force is low and decreases with age, standing at 36.5 per cent for women aged between 15-24 but only 10 per cent for women aged 45-54: PASSIA: *Directory 1997*, p. 202. The PGFTU estimated that, for the private sector, the overall average was 17 per cent. See also the chapter on the economy and the labour market.

[10] See report on the situation of human rights in the Palestinian territories occupied since 1967, submitted by the United Nations Special Rapporteur pursuant to Commission on Human Rights resolution 1993/2 A, United Nations doc. E/CN.4/1997/16, 19 Feb. 1997, para. 28.

[11] See also US Department of State report, section 2: "Respect for civil liberties", 1996.

[12] Various Palestinian sources cited in PASSIA: *Directory 1997*, pp. 198-199.

[13] Democracy and Workers' Rights Centre, *Press Release No. 5*, 10 Mar. 1996.

strips of land than necessary were bulldozed for this purpose. Moreover, no construction is permitted within 150 metres of a bypass road, thus further encroaching on Palestinian land. These bypass roads cantonize Arab towns and villages, leaving them isolated in their own Palestinian-controlled areas. As noted in earlier reports, confrontations between Jewish settlers and Palestinians occur frequently;[14] such violence has escalated since last year. The events of March and April 1997 confirm how volatile this situation is.

17. On the more general question of the use of violence against Palestinians, in confrontations of this type many Palestinians have been injured, and several killed. Moreover, the Israeli Supreme Court, sitting as the High Court of Justice, handed down decisions in January and November 1996 which lifted interim injunctions prohibiting the use of physical violence by the Israeli General Security Service (GSS) during the interrogation of detainees.[15] The GSS had been authorized by an interministerial committee since 1994 to apply "special measures" relating to physical pressure which had been criticized.[16]

The situation of East Jerusalem[17]

18. One of the most sensitive issues both historically and for the permanent status negotiations is that of East Jerusalem. In international law it is still an occupied territory in spite of its annexation on 28 June 1967. Approximately 180,000 Palestinians and over 200,000 Israeli settlers now live in East Jerusalem. In the city of Jerusalem as a whole the population ratio now stands at 72 per cent Jews to 28 per cent Palestinians.[18] Not only have the municipal boundaries been extended, encroaching on the West Bank, and Arab land confiscated for the construction of Israeli housing and businesses (between 1967 and 1995, 34 per cent of Arab East Jerusalem land; 56 per cent is designated "green land" for

[14] See, for example, press releases issued by the Democracy and Workers' Rights Centre; and PASSIA: *Directory 1997*, "Chronology 1993-1996", pp. 238-246.

[15] See, in particular, High Court of Justice Decision No. 8049/96, 14 Nov. 1996, annexed to Israel's periodic report to the United Nations Committee against Torture, United Nations doc. CAT/C/33/Add.2/Rev.1, 18 Feb. 1997. Israel ratified the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment on 3 Oct. 1991. The same decision is discussed in a letter circulated at Israel's request to the 53rd Session of the Commission on Human Rights: doc. E/CN.4/1997/116, 5 Mar. 1997.

[16] United Nations doc. E/CN.4/1997/16, op. cit., para. 30.

[17] This section is based on a number of sources, including Allison B. Hodgkins: *The Judaization of Jerusalem-Israeli policies since 1967* (Jerusalem, PASSIA, 1996); Centre for Studies of Civil and Social Rights: *Report on the withdrawing of the right of permanent residency from Jerusalem residents*; Palestinian Centre for Human Rights: *The clashes of September 1996 — Investigation into the causes and the use of force*, Series Study (7), 1996, pp. 30-35; PASSIA: *Directory 1997*, pp. 214-236; 53rd Session of the Commission on Human Rights, Letter of the Permanent Observer of Palestine to the United Nations Office at Geneva, United Nations doc. E/CN.4/1997/117, 5 Mar. 1997.

[18] Palestinian Centre for Human Rights, op. cit., p. 31.

public use which cannot be built upon), but also the development of the eastern part of the city has been inequitable under the Israeli administration. Building permits for Palestinians are difficult to get, forcing them to move to the outskirts if they wish to build; they do not enjoy the same services and subsidies as Jewish Jerusalemites.

19. Israeli policy on this point is highlighted by the controversial decision,[19] taken on 26 February, to build 6,500 Jewish homes at Jabal Abu Ghenaim (called in Hebrew, Har Homa), one of the last remaining "unsettled" hills to the south-east of the city towards Bethlehem. On 18 March, despite determined but peaceful Palestinian protests, construction activities commenced.

20. In addition to the geographical change in the Arab identity of the city, there appeared to be an increase in Israeli discriminatory bureaucratic methods to remove the actual presence of Arab Jerusalemites. The methods included: withdrawing their identity cards (IDs),[20] forcing them to live and relocate their businesses outside the city, and leaving their homes to Israeli settlers. The intensification of closures during 1996 also contributed to the departure of Palestinian residents. Businesses were obliged to resettle outside the city if they were to remain viable since Palestinian suppliers and customers could not enter the city; reduced job opportunities also forced residents to relocate outside the city's boundaries. Regarding the withdrawal of IDs, the Israeli Ministry of the Interior's clampdown on the criterion of "centre of life", introduced in 1994 for maintaining residence permits, has meant that Palestinians must prove that they are living, working and educating their family within the city limits, or lose their IDs and be treated as aliens and forced to move out. Palestinian Jerusalemites studying abroad and those holding a foreign passport in addition to their Jerusalem ID have also had their IDs withdrawn. It was estimated by Orient

[19] The General Assembly, adopting resolution A/51/L.68 of 12 March 1997, expressed its deep concern at the Israeli Government's decision and called on it "to refrain from all actions or measures, including settlement activities, which alter the facts on the ground, pre-empting the final status negotiations, and have negative implications for the Middle East Peace Process". The 53rd Session of the United Nations Commission on Human Rights, meeting in Geneva from 10 March to 18 April 1997, adopted resolutions 1997/1 and 1997/3 in which it, respectively, "condemn[ed] the establishment of an Israeli settlement on Jabal Abu Ghenaim in occupied Arab Jerusalem" and "express[ed] its deep concern at the Israeli settlement activities, ..., which change the physical character and demographic composition of the occupied territories, including East Jerusalem", and called on Israel to cease its policy of expanding settlements. The EU deeply deplored the decision, pointing out that settlements in the occupied territories contravene international law and constitute a major obstacle to peace: official EU press statement of 26 Feb. 1997. The United States expressed disappointment, stating that it was not one that would build trust and confidence: *Jerusalem Post*, 27 Feb. 1997.

[20] According to the Law of Entry to Israel, 1952, and the related 1974 Regulations, Palestinian Jerusalemites have blue "permanent residents" identity cards, entitling them to the rights of Israeli citizens including freedom of movement between the city and the West Bank, unlike residents of the West Bank. Palestinian Jerusalemites wishing to travel abroad must obtain an Israeli re-entry visa and those living abroad are issued re-entry visas by the Israeli authorities valid for one to three years; if they live abroad for more than seven years they automatically lose their right of residency.

House that some 60,000 to 80,000 IDs of Jerusalemites living outside the Israeli-imposed city boundaries had been revoked.

21. A second aspect was the rejection of family reunification applications asking for non-Jerusalemite spouses to be able to join the resident spouse. There was an element of gender discrimination in this as until 1994 no applications for family reunification were accepted from female Palestinian Jerusalemites, apparently on the grounds that a traditional Arab woman would live with her husband's family and therefore no longer reside in the city. Similarly, children born of Palestinian Jerusalemites would only be registered as Jerusalem residents if the father held a valid ID card.

The situation in the Golan Heights

22. As regards the Golan, occupied since 1967 and annexed by Israel in 1981 in a decision which has never been recognized by the United Nations[21] or by the Arab population which has always lived in the region[22] and which has always called itself Syrian, it should be recalled that the Israeli-Palestinian agreements do not cover this area. As part of their mandate, the representatives of the Director-General met representatives of the Arab population in the village of Majdal Shams, directly on the cease-fire line bordering the Syrian Arab Republic.

23. The Arab population attaches considerable importance to the continued interest of the international community in their situation. In their opinion, thanks to the mission's annual reports, youngsters of the five remaining Arab villages of the region were now able to complete their higher studies in Damascus without hindrance. They estimated that 500 villagers were currently studying at Damascus University or at technical institutes in Syria, which is a large increase over the numbers reported in previous years. Despite this positive development, local Arab teachers still have problems getting places to teach in the region's schools despite being well qualified, allegedly because of their political opinions on the Israeli occupation of the region. The Syrian authorities in Damascus also alleged that Syrian Arabs living in the Golan are experiencing difficulties in having their qualifications for high-paying jobs respected, and cited the examples of three veterinary doctors and two engineers who had been forced by economic necessity to accept posts well below their level of competency.

24. The annual strike of 14 February expressing the Arab population's opposition to the imposition of Israeli legislation and administration on this

[21] Security Council resolution 497 of 17 Dec. 1981 calls on Israel to annul its decision. Successive General Assembly resolutions have done likewise: see, for example, resolution 51/135 of 12 Dec. 1996; also, resolutions of the United Nations Commission on Human Rights, the most recent of which is resolution 1997/2 on "Human rights in the occupied Syrian Golan", adopted at the Commission's 53rd Session, Geneva, 10 Mar.-18 Apr. 1997.

[22] On 31 December 1995, according to Israeli statistics, the total population of the Golan was 31,500, of whom 14,200 were Jews and 15,400 were classified as Druze; see *Statistical Abstract of Israel 1996*, No. 47, Central Bureau of Statistics, Jerusalem, 1996, table 2.7.

territory was celebrated again this year in a peaceful atmosphere despite the presence of Israeli police and members of the IDF. The representatives of the Director-General were again told of the discrimination carried out against the Arab population in the spheres of agricultural production and exports, land and water resources, and conditions of employment. It was recalled that the water supply is exclusively controlled by the national Israeli water company (the Mekorot), which distributes water in a discriminatory manner by supplying as much water as is requested to the Jewish settlers of the Golan, while giving less water than is requested — or at times none at all — to the Arab inhabitants, depending on their outspokenness with regard to the occupying authorities or on a desire to divide the Arab community by creating jealousies and distrust among themselves. The Syrian Minister of State for Foreign Affairs pointed out that the Syrian Government had recently piped water from inside Syria to the Arab population of the Golan, but the Israeli Government had confiscated the water and sold it to the local population. As regards the confiscation of land, it was increasing. This measure had the same economic consequences as reported in previous years: when livestock breeders have to sell their herds for lack of pastures, they have no choice but to seek employment in Israel or in an Israeli settlement. An estimated 1,500 villagers currently work in Israel and unemployment in the region is high. Problems regarding non-payment of wages and the impossibility of recovering them through the courts because of self-declared bankruptcies by some Israeli employers occurred during 1996, as described below for the West Bank and Gaza Strip.

25. Freedom of movement remained a major problem, not only for the purpose of visiting family in Syria but also in relation to work, as a recent Israeli Supreme Court case shows: on 26 February 1997 the three-member Bench handed down a decision on a constitutional challenge to the refusal to allow a group of medical practitioners from the Golan to travel to attend a medical congress in Damascus.[23] The Israeli Ministry of the Interior had permitted only some of the invited doctors to go and, when this decision was appealed as being a violation of freedom of movement enshrined in the Israeli Basic Law, the judges agreed that the doctors should enjoy this constitutional right, but on hearing in camera evidence from the Israeli Chief of Security, they would not, on security grounds, overturn the decision. The lawyer who represented the doctors stated that neither he nor the medical practitioners involved can find out what security risk was involved in them attending an event directly linked to their medical profession.

26. Peace talks between Israel and the Syrian Arab Republic about the future of the Golan Heights appear deadlocked. It is important that negotiations resume so that the situation of the Arab population in the Golan Heights is regularized in accordance with international law, and their daily living and working conditions no longer rendered difficult by the interference of the Israeli occupying authorities.

[23] Decision of 26 Feb. 1997, delivered by President Barak, unpublished at the date of writing.

CONDITIONS OF WORK, FREEDOM OF ASSOCIATION AND LABOUR RELATIONS

27. As in previous years, Palestinians from the workers', employers' and government sides stressed that there had been little change in these domains over the last year, if not a worsening of conditions due to the stepped up closures. There was a feeling of deep disappointment with the continuing deterioration in Palestinian living and working conditions.

Conditions of work

28. One principal preoccupation in the field of conditions of work was the non-payment of wages due and severance pay when closures resulted in Palestinian workers not being able to get to their jobs in Israel or Jerusalem. The Israeli Ministry of Labour and Social Affairs officials had no details on the type of employer fraud involved (change of address; change of name; issuing of unsecured cheques; false bankruptcies; etc.) but stated that steps would be taken to stop it if evidence came to them and that, in any case, employees enjoyed priority as creditors in bankruptcy proceedings before the civil courts. Not only were there practical difficulties in lodging complaints against Israeli employers, but also long delays in cases being heard (usually over six months before the first hearing and up to three years for a final judgement in exceptional cases). There was also the risk of having the case dismissed when the Palestinian complainant could not physically attend hearings before the Israeli labour courts because of the closures.

29. The PGFTU and NGOs gave details of a related bureaucratic problem facing Palestinians who wished to seek justice before the Israeli courts (noted as a new rule of court procedure for any foreigner in paragraph 45 of last year's report): on 5 February 1996 the National Labour Court ruled that Palestinians from the West Bank and Gaza Strip are deemed to be persons outside Israeli jurisdiction and therefore are required to deposit guarantees with the labour courts as a condition for claiming their rights from Israeli employers. While the enforcement and the amount of the bond is at the discretion of the judge, the mission was told that most judges required a deposit of 10 per cent of the total amount of the lawsuit and that such amounts often could not be paid by workers, with the result that they dropped their claims. It was stated that the bond requirement was particularly discriminatory since the number of cases in which Palestinian workers lost their lawsuit and therefore were liable to pay court costs was negligible. The Palestinian Ministry of Labour was worried by this problem, but noted that a suggestion from the Israeli side that the Palestinian Authority create a fund to pay the guarantees had been made not with the Palestinian workers' welfare in mind but with the intent of embarrassing the Palestinian Authority, which had no funds for such a contingency. The Israeli workers' rights NGO, Kav La'Oved, is paying half of the bond amounts for Palestinian workers whose cases it agrees to pursue, and is trying to establish a joint fund for this purpose with the Histadrut and the PGFTU. With the signing, on 20 February 1997, of an Agreement on the Provision of Legal Services between the PGFTU

and the Histadrut,[24] it is likely that Palestinian workers suffering this form of denial of justice will have a stronger chance of having their cases resolved.

30. The unions and human rights NGOs also expressed concern over the regulations published by the Israeli Employment Service's Department of Payments, which oppose the transfer of workers from one employer to another, and amount, they claimed, to the enslavement of the worker to the Israeli employer. The Palestinian Ministry of Labour also described the consequences of this in the practice of Israeli employers "selling" workers to others in a sort of black market, where the going price was approximately NIS2,400. Attempts by Palestinian labour inspectors and the unions to visit Israeli business premises and settlements to check on such problems had been refused. In a letter dated 27 January 1997, Kav La'Oved also complained of this practice to the Israeli Department of Payments.

31. Other unsatisfactory conditions of work brought to the attention of the mission included: (1) the long workday — alleged by the PGFTU to log up to 13 hours per day in some cases when travel time is included — in the construction industry and the difficulty the PGFTU had in negotiating its reduction with individual employers; (2) discrimination between the wages earned by Palestinians and by Israelis (in particular, Kav La'Oved referred to cases it had handled concerning unequal pay for Palestinian women working in the Israeli textile industry); (3) unequal social security benefits[25] (the Israeli Ministry of Labour and Social Affairs stated that its Payments Department is retaining in a special account the equalization payments due to the Palestinian Authority, amounting to approximately NIS50 million, pending arrangements for its legal distribution by the Palestinian Authority through, for example, social security institutions); and (4) the new restriction on airport access which affected in a discriminatory manner Palestinians wishing to undertake work-related travel outside the territories.

32. The system of work permits itself was criticized as involving tiresome and degrading border checks, even at times physical violence at the hands of the guards. The Erez border crossing is indicative of the conditions surrounding the employment of Palestinians in Israel: Gazans who wish to pass each morning must leave their private cars, queue up — sometimes for up to two hours — for control

[24] According to the Agreement, four Israeli attorneys will work out of the Nablus and Gaza PGFTU offices. In concert with the PGFTU Legal Affairs Department they will identify a prime case of dismissal by the Israeli courts of a complaint because of the failure to post a bond for costs with a view to lodging a challenge in the future.

[25] The shortcomings and inequalities of the dual social protection scheme for Palestinians working in Israel — Histadrut-negotiated sectoral agreements and the compulsory national scheme run by the National Insurance Institute of Israel, whose residency-based benefits are denied to Palestinians — are described in detail in the 1993 report, paras. 85 to 91, and the 1994 report, paras. 71 to 74. Pending the adoption of the new Palestinian social security and labour bills (see below), Palestinian workers employed in the West Bank remain covered by Jordanian labour law affording protection in the event of sickness, invalidity and occupational injury; those in the Gaza Strip come under Egyptian legislation of 1957 and are not covered by any social insurance system.

of their magnetic cards and their work permits, walk long and narrow breezeways to the other side of the checkpoint where they enter vans or buses sent by their Israeli employers or taxis for transportation to the worksite; the reverse procedure applies in the evening when they return (apart from the very few who are permitted — or not permitted — to stay overnight in Israel during the week) to the Gaza Strip. The Palestinian unions and the workers' rights NGOs stated that, in addition, valid magnetic cards or permits were at times confiscated, without any justification, and bribes asked for their return. The Palestinian Ministry of Labour was raising these issues in its contacts with its Israeli counterparts, pressing for better working conditions and respect for equality of employment rights. The Israeli Ministry of Labour and Social Affairs officials stated that they had received no complaints about confiscation of IDs and permits; they indicated that the current criteria for issuing work permits included a requirement that the worker be 28 (sometimes 26, with the hope of reducing it to 22 if "security reasons" so permit) years old, be married and have security clearance.

33. Another preoccupation expressed to the mission, particularly by the trade unions and human rights NGOs, was the prevalence of physical violence and harassment against Palestinians, whether by Israeli Defence Forces (IDF) soldiers, border guards and Israeli police officers or at the hands of certain Israeli employers. NGOs had received reports of a variety of acts of harassment including not only beatings but also degrading body searches, and even cases of some Palestinians being stripped and forced to return to their villages naked, verbal abuse and non-assistance when attacked by settlers in the city of Hebron.[26] This could take place when crossing the checkpoints, at the workplace or when Palestinians were arrested for working in Israel without a permit (the Palestinian Ministry of Labour estimated that, in 1996, there had been 17,000 such arrests, leading to fines and/or imprisonment), or for an employer not named on the permit. The poor treatment of Palestinians was also mentioned by the Histadrut. While acknowledging that there was always a risk that individual incidents might occur, the suggestion that this was a policy was vehemently denied by the representatives of Israeli employers and Ministry of Labour and Social Affairs officials with whom the mission raised the issue. The representative of the Ministry of Defence denied a policy of harassment of Palestinians, whether workers or visitors to Israel. Nevertheless, Israel's Attorney-General admitted in a letter of 26 November 1996 to the Minister for Internal Security that beatings of Arabs by Israeli soldiers and border authorities was the rule rather than the exception.[27] The fact that physical maltreatment is acknowledged is striking enough, but it should also be noted that much violence goes unreported because many Palestinians who are employed illegally hesitate to bring complaints to the authorities. The Israeli Ministry of Labour and Social Affairs estimated that up to 40,000 workers do not enter Israel through official

[26] US Department of State report, 1996.

[27] *Palestine News*, a service summarizing, inter alia, articles from the *Palestine Times*, internet:http://www.ptimes.com/palesnews.htm.

registration with the Employment Service. They enter through either a Palestinian subcontractor (usually for work on building sites) with whom the Israeli employer has a contract; or recruitment at a "market", a place where jobseekers gather to await potential employers and agents. A greater respect for the fulfilment of basic workers' rights in the behaviour of the authorities responsible for the checkpoints and for law enforcement would lessen the tension surrounding the employment of Palestinians.

Freedom of association

34. Following developments outlined in previous reports, further progress could be noted in the exercise of trade union rights by the Palestinian workers and their unions. During meetings with PGFTU leaders in both Nablus and Gaza City, as well as a visit to its Hebron affiliate's local office, evidence was given of organizational improvements (internal departments now existed for membership, legal affairs, education, research, handling data on membership, wages and complaints, occupational safety and health, women workers, public relations, social affairs, and sports, in addition to the usual finance and projects committees). A vibrant recruitment campaign over 1996 had led to 8,000 new members of unions in the Gaza Strip and two new affiliate organizations for the PGFTU, namely the municipal workers and telecommunications unions. The PGFTU, hoping to have a computerized database on membership figures soon, stated that it had accurate figures showing currently 150,000 members in the West Bank; the monthly figures for Gaza had not yet arrived at the headquarters building in Nablus, but a rough estimate was given of 25-30,000 additional members there. This success might be attributed to the signature with the Palestinian Ministry of Labour of an agreement on health insurance whereby union members need contribute only 50 per cent of the amount normally required from non-union members. The PGFTU and its regional affiliates had also organized a number of specific workshops for members throughout the past year. Apart from closure restrictions on movement, union leaders had been allowed to leave the country to attend international trade union meetings such as the ILO/Irish Congress of Trade Unions workshop organized in Dublin from 25 February-1 March 1997.

35. The financial situation of the PGFTU had improved with the ongoing receipt from the Histadrut of half of the 1 per cent agency shop contributions paid to the Israeli federation by all Palestinian workers who were employed with permits in Israel. There appeared to be a delay in the handing over of one last sum (around NIS1.5 million of the total 6 million), but the Histadrut representatives with whom the mission raised the matter gave assurances that the full amounts were being held safely for the PGFTU and would be transferred, in full, once the Histadrut was in a steadier financial situation — hopefully very soon. Both the Palestinian and the Israeli federations described their mutual relations as healthy, the Histadrut stressing that it wanted to see a strong PGFTU not only for the immediate protection of the rights of Palestinian workers but also because of the stability it would bring to the peace process. The PGFTU had

received international fraternal trade union aid in the form of impressive new headquarters buildings in both Nablus and Gaza City. In 1996 the Federation's Legal Affairs Department had been involved in about 120 court cases defending members' rights, and negotiated directly with concerned employers the settlement of about 250 cases. Loose contacts with human rights NGOs were maintained, although some NGOs, which themselves were being asked to defend workers' rights, were of the opinion that the trade unions were not a dynamic force in the protection of workers' interests.

36. On one particular aspect of freedom of association, raised in paragraphs 37 to 41 of last year's report, the mission was informed that, because of the 1996 closures, the planned congress of the PGFTU (aimed, inter alia, at approval of the current constitution and free elections of PGFTU office-bearers) was again postponed, but was scheduled to go ahead in November 1997. The exact date depended on the successful completion of all the sectoral unions' elections. The bank and insurance sector had held its elections in March; the building and construction and public service sectors would be organizing their elections in April; the remaining branches would hopefully complete their elections in August 1997. The PGFTU leadership intended to invite the ILO and the International Confederation of Free Trade Unions (ICFTU) to the congress.

37. The mission received spontaneous thanks from a member of the PGFTU executive committee who had been released from prison, where she had been serving a sentence related to "security questions". In her opinion, this was a result of the Director-General's intervention on her behalf, and the fact that his annual reports continued to emphasize the importance of the right of union leaders to carry out trade union activities, which were not to be perceived as threats to law and order under Israeli occupation. It was indeed encouraging to observe that union activists were no longer harassed in their internal or international contacts, and that the mission had not been obliged, as in past years, to hand over a list of unionists detained for "security reasons" and remind the Israeli authorities that a genuinely free and independent union movement could only develop in a climate of respect for fundamental human rights.

38. On the Palestinian employers' side, too, there was new vitality and a mature approach to the exercise of freedom of association, working conditions and employment practices. Representatives of the Nablus Chamber of Commerce and Industry expressed appreciation for the ILO-backed project to survey the needs of employers in the Nablus region, which had helped strengthen their institutions; they attributed the successful negotiations between the Palestinian social partners in past years, leading to the signing of numerous collective labour agreements, in part to the influence of the Director-General's annual reports. Contacts with international employers' bodies had continued: for example, representatives of the Nablus Chamber of Commerce and Industry had been present at the Cyprus regional meeting of the International Organization of Employers (IOE) in 1996, along with the Israeli Manufacturers' Association. The Gaza Chamber of Commerce and Industry had celebrated its first internal elections in 1991 and its second in 1996. It expressed pleasure at the development of the Palestinian Federation of Chambers of Commerce, Industry and

Agriculture (promoted through an ILO-financed project). Its main concern was with the effect on the economic development of the territories of the increased frequency of closures. The disastrous effect on the trade in Gaza's vegetables was cited (at one stage tomatoes were selling at NIS1 per kilo in Gaza but at around NIS15 in Ramallah, without Gazan traders having access to that market), as well as in cut-flower exports to Europe. As had been noted in previous reports, employers found themselves virtually obliged to use the services of the Israeli export company AGREXCO, since individual Palestinian exporters ran up against bureaucratic discrimination (such as particularly long checking procedures and last minute off-loadings from planes, all based on "security reasons") which ruined the value of sensitive agricultural products. The situation would only improve, in their opinion, when the Gaza airport functioned, the proposed port was opened and the promised corridor roads out of the Gaza Strip to West Bank cities like Hebron were constructed. On this point the Israeli Ministry of Labour and Social Affairs officials explained that a new development in Gaza was to allow the Israeli Port Authority to take control of border crossings of goods. The employer representatives had met with executive members of the Israeli Manufacturers' Association, but contacts were not close.

Labour relations

39. Collective labour relations had obviously matured. In 1996 a number of collective agreements had been concluded with Palestinian employers: for example, one negotiated by the PGFTU for the construction sector and one by the Tulkarem affiliate for the textiles sector, both in force for two years; and one with the GRS shoe factory of Hebron (being in the form of a standard individual employment contract, co-signed by the worker and the PGFTU and witnessed by the Palestinian Ministry of Labour's Employment Service, which guarantees respect for the labour law in force on such aspects as the eight-hour day and occupational safety requirements and prohibits dismissal on grounds of trade union membership or activity). The representatives of the Director-General were told of two examples of successful settlement of disputes with Jerusalem-based employers after relatively short strikes: one in June 1996 at the Makased Hospital and one in February 1997 concerning private Islamic schools. The Palestinian Ministry had been called on to play a role in arbitrating certain individual disputes through its labour inspection agents or those responsible for industrial relations. The hope was expressed by Ministry officials that, during 1997, a first meeting of the Tripartite Advisory Board (featuring in the Ministry's organizational chart in November 1995) would be able to take place. In the meantime, both union and employer representatives expressed willingness to play a part in any informal tripartite mechanisms set up by the Palestinian Ministry of Labour. The Minister of Labour stated that, due to common suffering of past injustices, trust between employers and workers in Palestine had flourished; his Ministry supported the development of this spirit of tripartism, which was needed in the context of the Authority's building of its own institutions. The ongoing discussions with unions and employer representatives on the issue of a Palestinian minimum wage was testimony to this. The healthy approach to tripartite consultations, evidenced in

daily enterprise-level negotiations and higher-level institutional contacts between Palestinian employers and workers, will no doubt assist in the development of a successful system.

40. In the domain of institution-building, the enhanced capacity of both the executive and the legislative branches of the Palestinian Authority could be noted. The Ministry of Labour and other institutions, notably the PCBS, were working well, and expressed their gratitude to the ILO for the ongoing projects to improve their capacity to serve Palestinian needs. In addition to the usual labour administration functions (employment, labour inspection, health and safety, industrial relations and vocational training), the Ministry of Labour covers social security and the cooperatives sector. The creation in March 1997 of a structure responsible for working women merits particular mention. The central administration of the Ministry, based in Ramallah, comprises 13 general directorates, the heads of which invariably hold university qualifications and particular expertise in the fields for which they are responsible. There are also 12 regional directorates and 16 employment offices. The number of staff as at March 1997 totalled 631 officials, to which should be added the 80 contracted staff working in the Ministry's Gaza offices. About two-thirds of the staff are employed in the West Bank, and the remaining third in the Gaza Strip. As noted in previous reports, the ILO is actively assisting in the strengthening of capacity within the Ministry and the streamlining of its structures and services.

41. The legislative agenda of the 88-member Legislative Council[28] was an ambitious one, with priority currently being given to a new social security bill, to a civil service bill and to further discussions on the draft labour code.[29] The draft labour code largely met the aspirations of the trade unions and employers with whom the mission met. However, it had received some criticism from the workers' and NGO side regarding issues such as its limited definitions, the number of workers excluded from its scope, insufficient holiday and sick leave provisions, weak protection against unfair dismissal and against inequality facing women workers, lack of effective penalties and fines for breaches of the law; and from the employers' side because, while not denying the need for reasonable provisions to protect working women, such as maternity leave, they saw some of the leave provisions in favour of women workers as too generous. The Palestinian Ministry of Labour stated that it had carefully collected all the comments made on the draft, and that it would probably be better to have the points of detail dealt with in regulations. The mission sensed that, following the intensive tripartite

[28] It should be noted that, by virtue of Ch. 3 "Legal affairs" of the 1995 Interim Agreement, although the Council has legislative, executive and judicial powers and responsibilities within the West Bank and Gaza Strip, all Palestinian legislation must be communicated to the Israeli side of the Legal Committee set up under the Interim Agreement to verify whether it exceeds the jurisdiction of the Council or is otherwise inconsistent with the provisions of the Declaration of Principles, the current Agreement or any other agreement reached between the two sides during the interim period (Article XVIII(4): Legislative powers of the Council).

[29] Concerning the ILO's technical assistance in relation to the draft labour legislation, see paras. 49 and 90 of the 1996 report.

consultations since the initial draft was launched in October 1994, the time was now ripe for the draft legislation to be adopted so that a clear legal framework would be in place for the fundamental issues of creation, registration and functioning of workers' and employers' organizations, collective bargaining procedures and the settlement of labour disputes, including the exercise of the right to strike and other forms of industrial action. Noting that the Minister of Labour expressed appreciation of the ILO's role in ensuring that the draft would comply with relevant international labour standards, the mission stated that the Office remains at the disposal of the Palestinian Authority for further technical assistance in finalizing the bill and implementing it once it becomes law.

42. Another aspect of Palestinian institution-building is reflected in the Palestinian Authority's relations with the Israeli counterparts, through a variety of joint liaison committees created under the 1995 Interim Agreement, in particular the Subcommittee on Employment and Labour Issues of the General Economic Committee. Although it was due to have its first formal meeting only towards the end of March 1997, it could meet on an ad hoc basis as required to examine any labour-related issues. There were also numerous informal contacts on points of direct concern to Palestinian workers in the territories and in Israel, conducted in an amiable atmosphere.

THE ECONOMY AND THE LABOUR MARKET

43. The employment and income situation of workers of the occupied territories has steadily deteriorated since the signing of the Oslo agreements in 1993. Mainly as the result of ever more severe restrictions on the movement of workers and goods across the "green line" separating the territories and Israel, as well as within and between the West Bank and Gaza, millions of hours were not worked and tens of millions of dollars not earned. Per capita income, meaning average living standards, fell by more that one-third over a period of four years. Unemployment increased significantly. Hoped-for investments did not materialize. The balance of payments with Israel deteriorated further.

44. The reasons for this sorry state of affairs are more obvious to the Israeli side, who are invoking, not without justification, their fear of terrorist action, than to the Palestinians, who are themselves regular victims of violence. Whereas the former explain whatever measure is taken in terms of security, many of the latter consider that being subjected to unjust, collective punishment, will breed violence rather than eradicate it.

45. On a more optimistic note, 1996 saw the further consolidation of a Palestinian administration, the emergence of Palestinian policies and plans based on the gathering and analysis of information by Palestinian professionals, the establishment of new institutions such as a Palestinian Stock Exchange, the collection of sizeable public revenues including some US$400 million in revenue clearances from Israel, and an improvement in the rate of disbursement of funds pledged by foreign donors. Thus it proved possible, for example, to implement

at short notice emergency employment programmes benefiting thousands of workers prevented from going to work in Israel.

The economy of the occupied territories

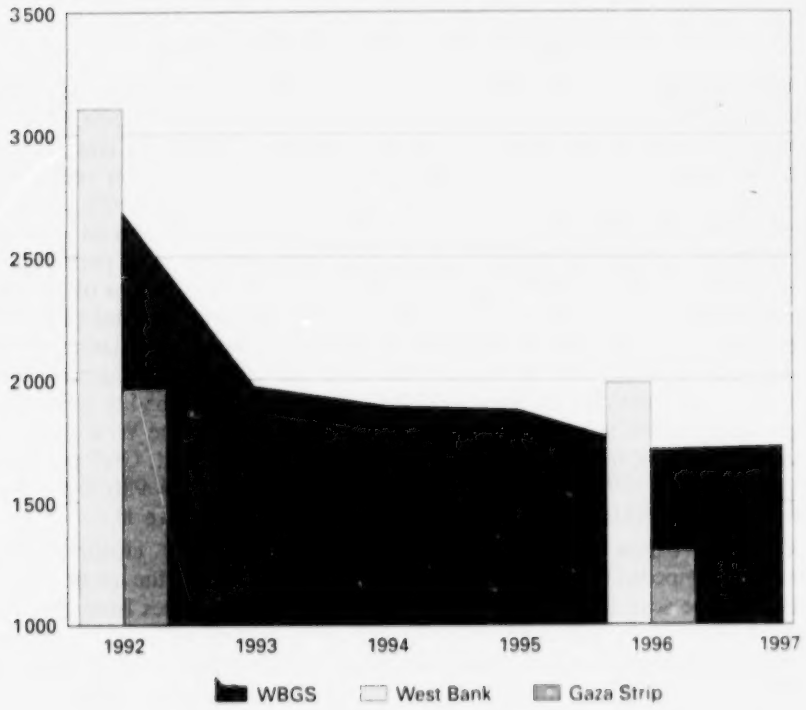
46. According to information made available and regularly updated by the Office of the Special Coordinator in the Occupied Territories (UNSCO),[30] the value of goods and services produced within the West Bank and Gaza Strip, or the territories' gross domestic product (GDP), increased by 4.4 per cent in real terms between 1992 and 1996. Gross national product (GNP), a more comprehensive income yardstick incorporating income earned abroad — in this case in Israel — declined, however, by 18.4 per cent over the same period, from around US$5 billion to US$4.1 billion (1995 prices). The dimensions of the post-Oslo depression become particularly evident when considered in terms of income per person, that is when the magnifying effect of high rates of population growth is taken into account. The territories' real GNP per capita is estimated to have declined by 36.2 per cent between 1992 and 1996, from US$2,684 to US$1,713. Longstanding differences in average living standards between the West Bank and the Gaza Strip are confirmed by estimates that, during the period, GNP per capita (again in constant 1995 US dollars) fell from US$3,105 to US$1,986 in the West Bank and from US$1,963 to US$1,305 in the Gaza Strip (figure 1).

47. The extent to which border closures, and near closures, have increasingly impeded the flow of workers and produce between the territories and Israel, may be seen in data on worker remittances and revenues from exported goods. Measured in constant 1995 US dollars, the value of worker incomes earned in Israel is estimated to have fallen from US$741 million to US$70 million between 1992 and 1995, while revenue from exports, about 80 per cent of which were to Israel, fell from US$280 million to US$129 million during the same period.[31]

[30] United Nations, Office of the Special Coordinator in the Occupied Territories (UNSCO): *Economic and Social Conditions in the West Bank and Gaza Strip — Quarterly Report* (Gaza), Apr. 1997. The GDP and GNP estimates, corrected for inflation and NIS/US$ exchange rate fluctuations, were made by the World Bank and the International Monetary Fund. The population estimates used to arrive at per capita data originate with the Palestinian Central Bureau of Statistics (PCBS). As the income and population estimates are from time to time adjusted, the figures should be used with caution.

[31] World Bank estimates cited in UNSCO: *Economic and Social Conditions in the West Bank and Gaza Strip — Quarterly Report*", Oct. 1996.

Figure 1. West Bank and Gaza Strip: estimated GNP per capita, 1992-97, in constant US dollars of 1995



Source: based on *UNSCO Quarterly Report* (April 1997).

48. For 1997, the Palestinian Ministry of Finance and the International Monetary Fund are projecting GDP to grow by 5 5 per cent and GNP by 8.0 per cent in real terms, i.e. assuming a monthly average of 35,000 registered Palestinian workers in Israel, an expansion of merchandise trade with exports growing faster than imports, and the successful implementation of an ambitious public investment programme by the Palestinian Authority. Meeting these targets would lift the level of national income just above that of 1995; per capita income, however, would still be some 8 per cent less than in 1995, as a consequence of relatively strong population growth.

Population and labour force[32]

49. According to projections by the Palestinian Central Bureau of Statistics (PCBS), the total population of the occupied Palestinian territories reached 2,535,000 by mid-1996. There were 963,000 people in Gaza and 1,572,000 in the West Bank, including some 180,000 Palestinian residents of East Jerusalem. Just over half of the population of the Gaza Strip and almost 45 per cent of West Bank residents were under 15 years of age. Two-thirds of the population of the territories as a whole was under 25 years of age. It may be recalled that 40 per cent of the Palestinians living in the territories, 27 per cent of the people in the West Bank and 64 per cent of the people in the Gaza Strip are officially registered as refugees.

50. Israeli statistics[33] confirm a continued increase in the number of Jewish settlers living in the occupied territories. After a 9.7 per cent increase in 1994, their number increased by 8.3 per cent to reach 137,400 by the end of 1995. Moreover, other sources estimate the number of Israelis now living in annexed East Jerusalem to have grown well beyond 200,000 in recent years.[34]

51. The PCBS labour force survey, of which four rounds had been implemented by the end of 1996, suggests that around 40 per cent of the Palestinian population of the territories who are at least 15 years of age are either working or available for work and seeking it (table 1). As in the past, labour force participation was found to be somewhat higher in the West Bank than in Gaza, and much higher for men than for women (70 and 11 per cent respectively for the territories as a whole), presumably on account of what informed observers consider to be under-reporting of work by women. Most of those who are reported not to participate in the labour force are, indeed, classified as home-makers (55 per cent of non-participants); others include students (22 per cent) and the old or sick (14 per cent).

[32] Unless otherwise stated, the data and the discussion on the labour market of the occupied territories also pertain to the situation in East Jerusalem.

[33] Israel, Central Bureau of Statistics: *Statistical Abstract of Israel 1996*, No. 47 (Jerusalem, 1996), table 2.5.

[34] Hodgkins, op. cit., p.47.

Table 1. Population and labour force of the occupied Palestinian territories, West Bank and Gaza Strip, male and female, mid-1996

	Population (thousands)		Labour force	
	Total	15 years old and over	Participation rate (%)	Total [1] (thousands)
West Bank	1 572	845	42.5	359
Male	794	419	71.4	299
Female	778	426	13.5	58
Gaza Strip	963	477	36.3	173
Male	487	237	65.8	156
Female	476	240	6.4	15
Palestinian territories	2 535	1 322	40.7	538
Male	1 280	656	69.7	457
Female	1 254	666	11.4	76

[1] Totals may not add due to rounding.

Source: Palestinian Central Bureau of Statistics.

The Palestinian labour market

52. The population projections and labour force statistics now available from PCBS, imply that, by mid-1996, the Palestinian labour force consisted of 538,000 workers, 76,000 of them women. An estimated 78 per cent of the labour force, or some 415,000 Palestinians, 295,000 West Bank residents and 120,000 workers living in Gaza, were employed at the time, and 22 per cent, or 123,000 Palestinians, were unemployed. Because of the extremely volatile labour market situation, however, it is difficult, to be categorical about absolute numbers pending the elaboration of additional data, such as would result from a Palestinian population census. That being said, the PCBS labour force survey provides ample insight into the composition of the labour force and the precarious nature of employment of workers of the territories.

53. The core of the Palestinian employment problem is that there are, by far, not enough jobs in the territories for all who are seeking one. Many of those who do work are underemployed or in precarious jobs. Major imbalances in the labour market, which would take a long time to correct even in the best of circumstances, are getting worse as the fragile local economy suffers the consequences of an unamiable divorce.

54. Current estimates show that only around a third of the labour force finds wage-employment within the occupied territories. The proportion of wage-employed may increase to around half of the labour force, depending on whether or not people are allowed to work in Israel. Just over 20 per cent of labour force participants are self-employed or employers, almost always in micro enterprises. The remainder are, essentially, without income, because they are unemployed or unpaid family workers (table 2).

Table 2. Employment status of the Palestinian labour force, different periods, 1995-97 (percentages)

Employment status	Sep./Oct. 1995	Apr./May 1996	Jul./Oct. 1996	Oct. 1996/ Jan. 1997
Employed	81.8	71.6	78.2	81.7
Wage employed	37.3	35.3	35.6	34.9
Wage employed in Israel	13.2	6.8	12.7	15.7
Self-employed/employer	23.0	20.7	22.2	23.0
Unpaid family worker	8.3	8.8	7.7	8.2
Unemployed	18.2	28.4	21.8	18.3

Source: PCBS labour force survey.

55. Unemployment in the occupied territories has been soaring in recent years, with obvious peaks during periods of complete closure. Unprecedented levels were reached in March-April 1996, by some accounts in excess of 60 per cent, when, in addition to sealing the green line, Israeli authorities enforced an internal closure, preventing workers and goods from moving between towns and villages and thereby all but immobilizing the economy of the territories. According to a report by the World Bank,[35] 80,000 jobs were temporarily lost as a consequence of the interruption of merchandise trade and the sudden shortage of materials; millions of dollars in agricultural exports were lost, and an important share of agricultural production rotted away, compromising the capacity of many farmers to replant for the next crop cycle.

56. Although a gradual decrease in unemployment has been reported for the latter part of 1996, levels remained high throughout the year and into 1997, especially in Gaza. The PCBS data show, furthermore, that unemployment is particularly severe among young people. Of the labour force participants in the 15-24 year age bracket (none of whom would be allowed to work in Israel even after the lifting of border closures), 36 per cent were unemployed in April/May 1996 as compared to 28 per cent of the labour force of the territories as a whole. In Gaza, where unemployment was measured at 39 per cent during that period, youth unemployment stood at 45 per cent.

57. On the basis of currently available statistics, the composition of the labour force of the occupied territories on a typical working day in mid-1996, in numbers per employment category and for certain sectors, may be estimated as in table 3. As mentioned earlier, one should be careful in citing absolute numbers; it is none the less considered that presenting orders of magnitude may help to understand the situation in which the workers of the territories find themselves.

[35] World Bank: *A background note on the economy*, prepared for the fourth meeting of the Consultative Group for the West Bank and Gaza, Nov. 1996, para. 7.

Table 3. Estimated composition of the Palestinian labour force, mid-1996, West Bank and Gaza Strip (WBGS)

	West Bank		Gaza Strip		WBGS	
	'000	%	'000	%	'000	%
Total labour force	340	100	200	100	540	100
Employed	280	82	140	70	420	78
Wage employed WBGS	102	30	78	39	180	33
Agriculture	10		10		20	
Other private sector	55		25		80	
PNA civil service/security	30		35		65	
Other public service/NGO	7		8		15	
Wage employed in Israel	65	19	15	8	80	15
Self-employed/employer	85	25	35	18	120	22
Agriculture	45		10		55	
Other private sector	40		25		65	
Unpaid family worker	28	8	12	6	40	7
Agriculture	15		5		20	
Other private sector	13		7		20	
Unemployed	60	18	60	30	120	22

Source: ILO estimates mainly based on PCBS population projections, labour force survey and census of establishments; and on PNA estimates of civil service employment.

Employment in the occupied territories

58. In spite — and to some extent as a result — of high unemployment, the *number* of people working within the territories is believed to have increased since 1992. There is some visible evidence, notably in Ramallah and Gaza City, of a short-lived building boom, most of it privately financed and absorbing Palestinian workers unable to work on sites in Israel. With savings exhausted, however, and economic prospects dim, many of the new buildings remain unfinished or unoccupied. During the worst of the closures, unemployed construction workers, and others, also benefited from thousands of temporary jobs created, with the support of external donors, in emergency employment schemes and in other public construction projects.

59. Most of the new jobs, however, seem to have been associated with the establishment of a Palestinian civil service. The process, now meeting budget ceilings, started in 1993 with the rehiring of almost all of some 23,000 Palestinians, most of them teachers, employed until 1992 by the Israeli Civil Administration. By June 1996 employment in the Palestinian civil service was estimated to be around 65,000, including some 30,000 security personnel (but excluding the employees of municipalities). The total number was expected to increase further and level at 70,000 by the end of 1996. An additional 9,000 UNRWA employees, also providing public services, and a few hundred staff

funded outside the budget by a variety of donors, may also be mentioned. In June 1996 there were 32,000 permanent employees, other than those in the police force, on the pay-rolls of the Palestinian Authority, compared to 25,500 in October 1995. It may be noted that some 19,000 of these employees were employed by the two education ministries and another 5,500 by the Ministry of Health.

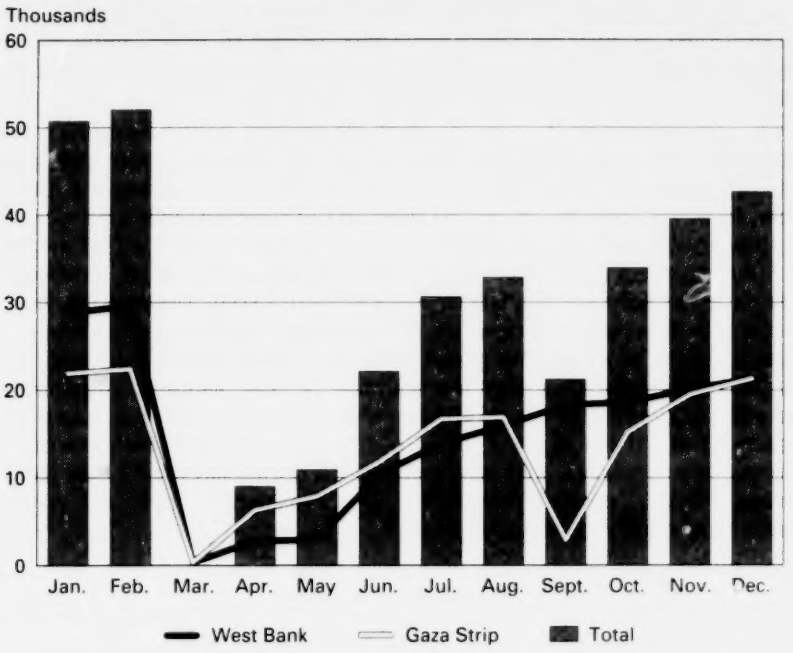
60. Depending on the season, up to 20 per cent of the Palestinian labour force may be involved in what are often traditional agricultural activities, notably in the West Bank. Over the years the sector's share in employment has remained stable, however, and should not be expected to increase. Other private sector activities in the territories provide work for around 30 per cent of the labour force. Employment in manufacturing, though significant in certain locations, has so far failed to keep up with labour force growth, mainly because investors are unwilling to come forward in an environment they find too risky. Plans of new industrial zones, straddling the green line and creating tens of thousands of new jobs, are for the same reason yet to materialize. Private sector services have also been affected by closures and related constraints. Trade, commerce, transport and tourism, all about moving people and goods, were, in the circumstances, often loss-making propositions, and indeed impossible during days of internal closures. Banking services, however, have expanded considerably in recent years and created some employment in the process.

Employment in Israel

61. For many years until the beginning of the peace process, a significant proportion — maybe as much as half — of the Palestinian labour force used to work in Israel, even if numbers varied in periods of upheaval. In 1992 almost 120,000 registered workers and an estimated 40,000 unregistered workers crossed the green line on "normal" days. Then, paradoxically, things started to go wrong. As a consequence of terrorist activities, perpetrated repeatedly on both sides of the green line, Israel installed a regime of border closures with disastrous consequences for the livelihood of Palestinian workers and their families. According to records kept by the Palestinian Ministry of Labour, there were 392 working days of total closure in the 1993-96 four-year period, 99 of them in 1996.

62. The plight of tens of thousands of workers locked out from their regular workplace may be gauged from statistics on the average number of work permits valid each month. As is illustrated in figure 2, the total number of permits for work in Israel fell from some 52,000 in February 1996 to zero in March; thereafter it increased slowly, dropped again in the wake of the September riots, and ended the year at 42,500. The average number of permits for work in Israeli settlements and the Erez industrial zone, which are located within the territories, was also zero in March and varied for most of the other months of 1996 between 10,000 and 13,000.

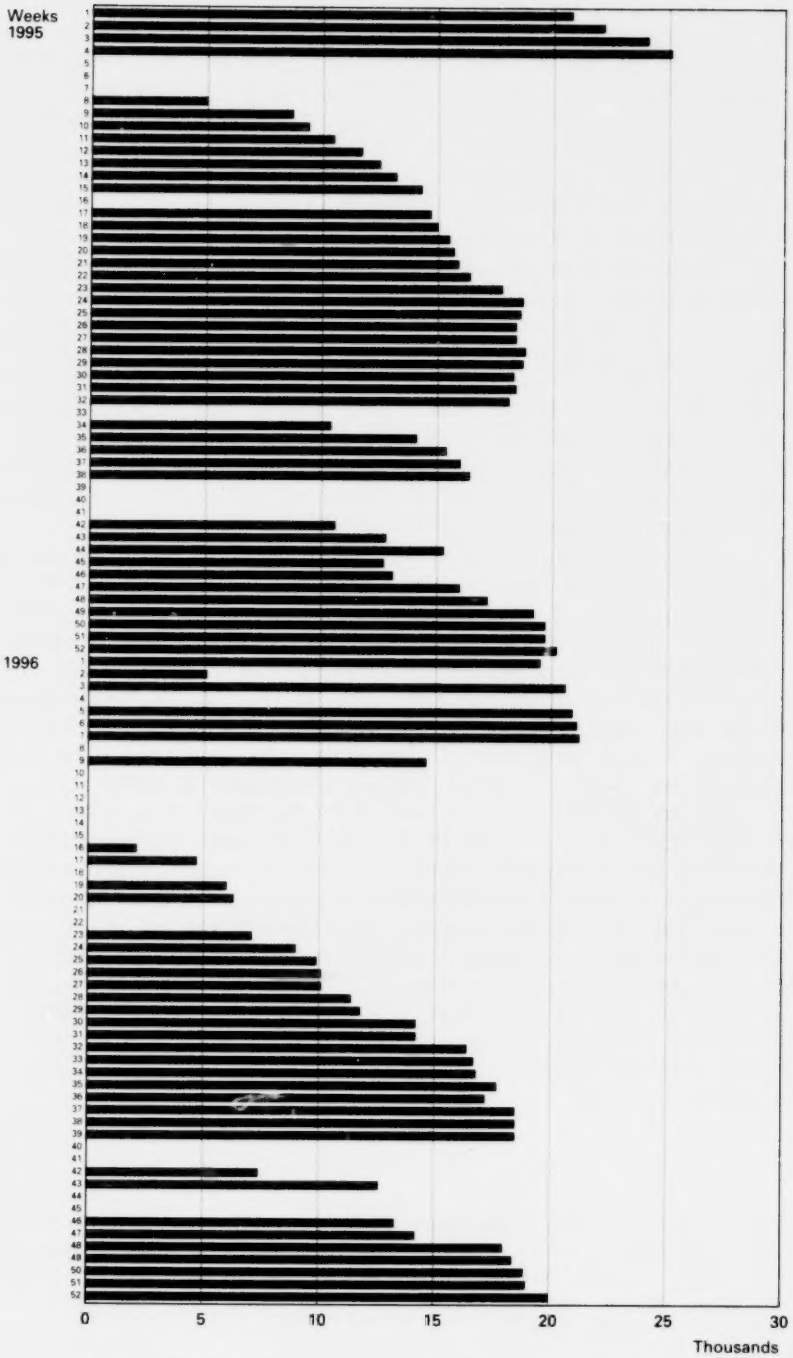
Figure 2. Palestinians from the West Bank and Gaza Strip holding permits for work in Israel, monthly averages, 1996



Source: Palestinian Authority, Ministry of Labour.

63. In the case of Gaza, a territory whose borders are more easily sealed and controlled than those of the West Bank, Palestinian records, kept on a weekly basis, show that, as compared to an average of 43,000 workers making use of their permit and crossing to Israel in 1992, an average of some 30,000 crossed in 1993, some 20,000 in 1994, and some 14,000 in 1995. In 1996 the weekly average was 10,436 workers; there were 15 weeks when not a single worker passed, permit or not; maxima were registered just before a series of deadly attacks in February and March (21,210 workers) and in the last week of the year (19,996 workers). Weekly averages for 1995 and 1996 are illustrated in figure 3.

Figure 3. Daily flows of Gaza workers into Israel, every first day of every week, 1995 and 1996



Source: based on unpublished data obtained from the Palestinian Authority and UNSCO.

64. The dramatic decline since 1993, in both the number of workers from the territories finding work in Israel and the number of days they actually worked during the year, is also demonstrated by data made available by the Israeli Employment Service, i.e. their section responsible for payments to Palestinian permit holders working for wages in Israel. In 1993 some 9.7 million days were worked by 49,600 registered workers (an average of 196 days per worker); in 1994 almost 6.7 million days were worked, and in 1995 some 5.7 million days, by 36,200 and 31,100 workers respectively; in 1996, only 4.1 million days were worked by 24,400 workers (an average of 168 days per worker).

65. According to Israeli authorities, by February 1997 around 45,000 Palestinian workers from the territories were once again allowed to work inside Israel, as well as some 10,000 in East Jerusalem and another 15,000 in Israeli settlements (including the Erez industrial zone). They estimate, moreover, that once restrictions are eased and even before that, up to 40,000 Palestinians, most of them from the West Bank, enter Israel for work without a permit. These figures, more than 100,000 when added, correspond approximately to those of December 1995; they fall considerably short, however, of levels previously reached and of levels that may be in store, according to Israeli interlocutors, if and when relations between the parties improve.

66. A new phenomenon, according to Israeli observers, was that there were now more permits available than Palestinians making use of them. The fact, which may be true, should not be misinterpreted, however. Before and in between the ever more frequent and longer lasting border closures, there were always permit holders who were refused entry or unable to come to work for other, often bureaucratic reasons; and there are numerous Palestinians, including all those unmarried and under the age of 28, who would not qualify for a permit if they wanted one. Indeed, thousands of Palestinians risk heavy fines and prison sentences, every day, for working in Israel without the necessary documents. What is new, rather than a lack of interest among Palestinian workers, is that Israeli employers, weary no doubt of the uncertainty and the hassle involved in hiring Palestinians through the official channels, have increasingly shifted to recruiting workers from third countries. It is estimated that there are currently more than 100,000 foreign workers legally employed in Israel, mostly construction workers from Romania and Thailand, and probably an equal number of illegal immigrants. Whereas opinions in Israel vary about who is the cheaper, a Palestinian or a third country worker,[36] there appears to be a consensus about possible negative social consequences of relying on the latter. It is, therefore, an official position that, subject to security considerations, Palestinian workers are to be preferred.

[36] See, for example, a detailed comparison in the March 1997 *Newsletter* of Kav La'Oved, the Israeli NGO defending the rights of Palestinian and foreign workers in Israel, showing that the employer-cost of a registered Palestinian worker is almost 50 per cent higher than that of a foreign worker, mainly because employers pay an "equalization" levy and various social security contributions for Palestinian workers.

Employment prospects and employment policies

67. Short- and even medium-term employment prospects for workers of the occupied territories are very dim indeed, even under optimistic assumptions about job opportunities in Israel and economic growth at home. Current labour market circumstances, including high growth of the labour force, suggest that for years to come the number of additional jobseekers is likely to exceed the number of new jobs, which means that the number of unemployed Palestinians is unlikely to diminish soon. Scenarios incorporating an increase in labour force participation and an early return of relatively large numbers of Palestinian refugees currently living abroad, or, on the demand side, continued impediments to working in Israel or beyond, would see unemployment rates go up rather than down, simply because there are certain limits to GDP growth.

68. It seems all the more necessary, therefore, for the Palestinian Authority to develop and then, aided as appropriate, to implement a realistic employment strategy. Coherent policies and programmes aimed at creating permanent jobs for large numbers of Palestinian workers should be considered a matter of priority, if the risk of serious social and political upheaval is to be averted.

69. Both in the light of global experience and given the peculiar uncertainties surrounding economic and social development in the Palestinian territories, a blueprint approach to employment planning seems ill-advised, however. Instead of being concerned with economy-wide models and targets governing resource allocation, employment planners should collect and analyse labour market information so as to advise on policies and programmes that will favourably affect the demand for labour in relation to its supply. These might include fiscal, monetary, wage and trade policies, as well as institutional reforms and special programmes to increase the demand for, or to reorientate the supply of, labour. A Palestinian employment strategy would thus be incentives-oriented, that is, mainly concerned with incentives to encourage private sector firms to increase investment and employment and individual workers to acquire skills and make the best use of them.

70. In the short term the obvious priority should be to establish the conditions for the normal operation of a labour market, in particular the removal of hindrances to the movement of people and goods within and among the territories and across borders. In the medium term, meaning once these hindrances have been removed and when Palestinian authorities have control over all the necessary instruments of policy, an employment strategy based on promoting certain skill-intensive, high value added exports and tourism seems to be indicated, possibly in combination with promoting work abroad with a view to attracting remittances. Such an externally-oriented employment strategy would recognize one of the pillars of Palestine's comparative advantage, namely the country's human resources.

Human resources development

71. The Palestinian Authority has meanwhile developed detailed proposals for improving the territories' technical education and vocational training system. Guided by ILO assistance at an early stage, a strategy statement has been drafted by a team of Palestinian experts based in the Ministry of Labour, with a view to making the training system more relevant and more flexible, more effective and more efficient, more accessible and financially sustainable.

72. Based on labour market monitoring, it is intended that the system be driven by demand, even if it would be allowed to produce a small excess pool of skilled workers. Quotas are foreseen as a means of ensuring access to training for students from disadvantaged groups. Being flexible in developing a skilled workforce would be an answer to all sorts of uncertainty and be achieved, mainly, through modularization of curricula and by making it increasingly possible for adult workers to seek upgrading and retraining. Greater effectiveness of the training system would result, inter alia, from a major effort aimed at staff development and from an emphasis on practical learning rather than "talk and chalk" lectures. It is hoped to improve efficiency, notably by unifying what is at present an utterly fragmented system and by making better use of existing facilities. The new training system would be funded from multiple sources, including the government budget, levies on employers and student fees. Finally, it is explicitly intended to seek the participation of all concerned, including representatives of employers and workers, in further elaborating as well as in implementing these reforms.

TECHNICAL COOPERATION

73. The ILO's activities in the occupied Arab territories have evolved considerably since the signing of the Memorandum of Understanding between the ILO and PLO Department of Economic Affairs and Planning in January 1994. While the 30 project proposals identified by a multidisciplinary assessment mission at that time[37] were endorsed by the Palestinian Authority, agreement was reached on giving priority to the following five areas during the first phase of implementation: establishment of a Department of Labour and preparation of a labour code; programme for the rehabilitation and reintegration of ex-detainees; employment-intensive community infrastructure programme; support to the system of social and labour statistics; and setting up a system of social security.

74. Against this background, with a view to responding quickly and flexibly to urgent needs in the West Bank and Gaza Strip, and in order to support and assist locally the implementation of the growing number of ILO activities, the Regional Office for Arab States appointed in October 1995 an ILO Coordinator, based in the UNDP Office, Jerusalem, and an Associate Expert, based in the

[37] For a full description, see paras. 114 to 121 of the 1994 report.

UNSCO Office in Gaza City. The usefulness of this move, given the increased number of project advisers and technical experts in the territories, was noted by the Arab Labour Organization.[38]

75. The ILO Programme and Budget for 1996-97, which allocated a total for the whole Middle East region of almost US$7 million, contains a subprogramme entitled "Enhancing the capacity of the Palestinian Authority on social and labour issues". It attributes special attention to the needs of Palestinians, particularly in relation to building up an institutional and policy framework for public administration and solving urgent problems such as unemployment. It gives support to the strengthening of the capacities of workers' and employers' organizations so that they can play their proper role in the national development efforts. In accordance with this subprogramme, a variety of activities were scheduled to take place, including national workshops and training courses, seminars and fellowships using the technical expertise of the Regional Office and the multidisciplinary advisory team located in Beirut.

76. ILO-executed projects, as noted throughout this report when particularly important activities are mentioned in relation to specific problems confronting the Palestinians in the social and economic areas, are perceived by the social partners as having a positive impact. Discussions with UNSCO confirmed that perception; in the UNSCO 1996 publications series, principal ILO projects are written up prominently.[39]

77. The ILO is currently implementing activities worth approximately US$9.2 million. There are 12 ongoing ILO-run activities: (1) four concern employment generation and vocational rehabilitation (rehabilitation and reintegration of ex-detainees; producing low-cost wheelchairs employing disabled workers; establishment of a vocational rehabilitation centre for persons with disabilities; and support to the employment-intensive approach for infrastructure development in the Gaza Strip/Phase 1); (2) four concern institution building (establishment of a Department of Labour/Phase 1; support for the system of labour and social statistics; design and implementation of a medium-term Palestinian Employment Programme; and capacity building in the labour and social sectors); (3) three concern private sector development (training of small contractors; capacity building for the Palestinian Federation of Chambers of

[38] Arab Labour Organization's annual conference, Cairo, 1-8 Mar. 1997.

[39] *Putting peace to work* (UNSCO, 1996): "Institution building", p. 11, describes the ILO's success in the establishment of the Ministry of Labour, training of labour inspectors and preparation of the draft labour code, as well as the assistance to the Ministry of Social Affairs in rehabilitating ex-detainees, the design of strategies and policies in the context of the Palestinian Employment Programme and work with the PCBS in finalizing the first, April 1996, labour force survey; "Employment generation", at pp. 19 and 10, respectively, refers to the ILO's co-secretariat role in the Sector Working Group on Employment Creation and the ILO's coordinated efforts with several United Nations agencies and programmes to identify rapidly implementable projects amounting to over US$130 million that are designed to generate employment opportunities and, at pp. 11 and 12, describes the Director-General's annual reports to the International Labour Conference.

Commerce, Industry and Agriculture; and support to the trade unions); (4) and one concerns the preparation of a report on child labour in the territories.

78. Two approved, but not yet current, ILO activities will also assist employment generation and private sector development. Planned activities mostly comprise the second phase of the ongoing projects mentioned above, such as additional funding to expand the programme for the rehabilitation and reintegration of ex-detainees, continued work for the strengthening of the Department of Labour, and extending the support of the system of labour and social statistics with more activities for the PCBS. New planned projects in the area of private sector development include the setting up of a National Small Business Council and the creation of a research and project promotion centre of the Palestinian trade unions. Pipeline projects under discussion cover employment and equality for women, small enterprise development and workers' education programmes.

79. Working with an allocation of seed money of over US$1.5 million from the Office since the 1994-95 biennium, the ILO has already generated over US$20 million of donor funding for the projects it has designed. Particularly noteworthy is that most of this donor money has gone directly to the Palestinian Authority (for example, US$12.5 million from the EU and US$2 million from the Swiss Government to the Department of Social Affairs, US$600,000 from the Swiss Government to the Ministry of Labour, and US$250,000 from the Swiss Government to the PCBS). Most recent approvals have gone towards integrated small enterprise promotion at the Chambers of Commerce (US$1,642,000 from the Government of Italy) and the Palestinian Employment Programme (US$1,479,000 from Sheikh Hamdan Rashid Al Maktoum, Deputy Ruler of Dubai-United Arab Emirates).

80. Another development has been the execution of a number of activities by the International Training Centre of the ILO in Turin. The activities which it runs are currently worth US$2 million. Its Regional Programme for Arab States ran a number of courses in 1996 for Palestinians: a three-week course in Turin to promote Palestinian women's status and women workers' rights for tripartite and community representatives; and two two-week courses in the West Bank and in Gaza on the management of technical cooperation for government officials. Some 30 Palestinians received training at the Centre and over 40 Palestinians benefited from training organized by the Centre in the territories. The 1997 calendar includes: two week-long seminars, one in the West Bank and one in the Gaza Strip, to develop Palestinian women's entrepreneurship; a repeat of the 1996 courses in Turin to promote Palestinian women's status and women workers' rights — one for heads of women's units in Palestinian ministries and another for senior officials of women's rights NGOs; a four-week course on organization and management of trade unions for officials of West Bank and Gaza unions; seven specific courses for the project on capacity building for technical colleges of the Palestinian Authority; and three specific courses for the project on integrated small enterprise development at the Palestinian Chambers of Commerce.

81. The ILO's work extends beyond formulating and executing this variety of projects and proposals, to assisting the Palestinian Authority and Palestinian

workers' and employers' organizations in contacts with the international donor community (World Bank, UNDP, national donor agencies and regional and international funding institutions). As in past years, the ILO was present at the Consultative Group Meeting for the West Bank and Gaza, held in Paris on 19-20 November 1996, which was chaired by the President of the World Bank and addressed by Chairman Arafat. The statement of the then United Nations Special Coordinator, Under Secretary-General Peter Hansen,[40] expressed the United Nations' great concern over continued Israeli restrictions on goods and persons in the territories during the closures, which had impeded the movement of its personnel, especially Palestinian staff, and project-related goods. He urged Israel to revisit its obligations as a United Nations member State under the Charter. Looking forward, the Special Coordinator pinpointed goals for 1997 as including sustainable employment generation, balancing the Palestinian budget, continued institution building, an increase in private sector involvement and expediting disbursements. The conclusions of that meeting noted that donors had pledged over US$2.9 billion for the period 1994-98, of which US$1.35 billion had been disbursed — a significant accomplishment given the difficult operating conditions caused by the 1996 closures. Particular mention was made by donors of the contribution of NGOs to political, social and economic stability in the territories, and donors were encouraged to support NGO activities in the framework of the Palestinian Ministry of Justice's efforts to set up a "rule of law" project. Donors pledged more than the Palestinian request for US$845 million to support the 1997 public investment programme.

82. Within the framework of its unique mandate, the ILO will continue to contribute to furthering the aims of the peace process and improving the situation of workers in the occupied Arab territories by focusing on two major areas, both so vital to a stable social environment in which negotiations can proceed: namely, promoting full, productive and freely chosen employment, and strengthening institutions and labour relations.

FINAL REMARKS

83. The Madrid Peace Conference which marked the start of the peace process in 1991, the signing by the Palestine Liberation Organization (PLO) and the Israeli Government of the Declaration of Principles in Washington on

[40] On 27 February 1997 the United Nations Secretary-General, Mr. Kofi Annan, wrote to the ILO Director-General advising of the appointment of Under Secretary-General Chinmaya Gharekhan as Special Coordinator in the Occupied Territories, who was to assume his responsibilities at UNSCO in early March. The Secretary-General pointed out that, while significant political progress had been made since the 1993 Declaration of Principles, the economic situation in the territories remained fragile and therefore the United Nations system should, in a coordinated and focused way, act in concert with the Palestinian Authority and the donors in an effort to enhance international economic and social assistance to the Palestinians. The Office will maintain its close relations with the Special Coordinator and his staff.

13 September 1993, the Agreement on the Gaza Strip and the Jericho Area concluded on 4 May 1994, the other agreements that were replaced by the Israeli-Palestinian interim agreement on the West Bank and the Gaza Strip, signed in Washington on 28 September 1995, and the signing of the Protocol concerning Redeployment in Hebron on 15 January 1997 all testify to the political will of both sides to keep the ideal of an undoubtedly difficult but ineluctable peace alive.

84. The peace process has been a source of hope and, above all, of legitimate expectations. Yet recent developments during and since the mission are a stark reminder of just how fragile and volatile the situation still is.

85. It is the responsibility both of the parties concerned and of the international community to do everything they can to prevent the situation from deteriorating and degenerating again into despair and violence. Anything which directly or indirectly might serve as a pretext to engage in activities that could undermine the peace process and hurt the living and working conditions of the men and women and of their families directly affected by the situation should be avoided.

86. True to the mandate that the international community and, more specifically, the governments, employers and workers of the world have entrusted to it, the International Labour Organization has over the past 20 years played a significant role in this region in the course of democracy and workers' fundamental rights, the promotion of employment and the fight against poverty, and the protection of workers.

87. At its March 1997 session the Governing Body of the International Labour Office approved my proposal to once again to give priority and consolidate its assistance to the countries and territories directly involved in the developing peace process in the region.

88. For my part I am determined to do everything so that the International Labour Organization can make its contribution to the peace process, especially by strengthening the ability of the Palestine Authority and the employers' and workers' organizations concerned to meet their most pressing economic and social needs, especially on the West Bank and in the Gaza Strip. This is why the pursuit and development of technical cooperation projects and the organization's visible and effective presence in the area seem to me of the utmost importance, especially as the state of occupation remains a fact of life.

89. Everybody knows the International Labour Organization's fundamental creed, but I must urge that it be applied here as it is elsewhere: universal and lasting peace can be established only if it is based upon social justice. I therefore wholeheartedly endorse the Declaration of Principles signed solemnly by the two parties in Washington on 13 September 1993, especially where it states that "it is time to put an end to decades of confrontation and conflict, recognize their mutual legitimate and political rights, and strive to live in peaceful co-existence and mutual dignity and security and achieve a just, lasting and comprehensive peace settlement and historic reconciliation through the agreed political process."

90. I am convinced that the International Labour Organization, in the pursuit of its specific mandate, will be untiring in its efforts to promote social progress and peace in this part of the world, as it never ceases to do elsewhere.

Geneva, April 1997.

Price: 10 Swiss francs
ISBN 92-2-109883-4